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**Aged Care Financing Authority**

Report on the

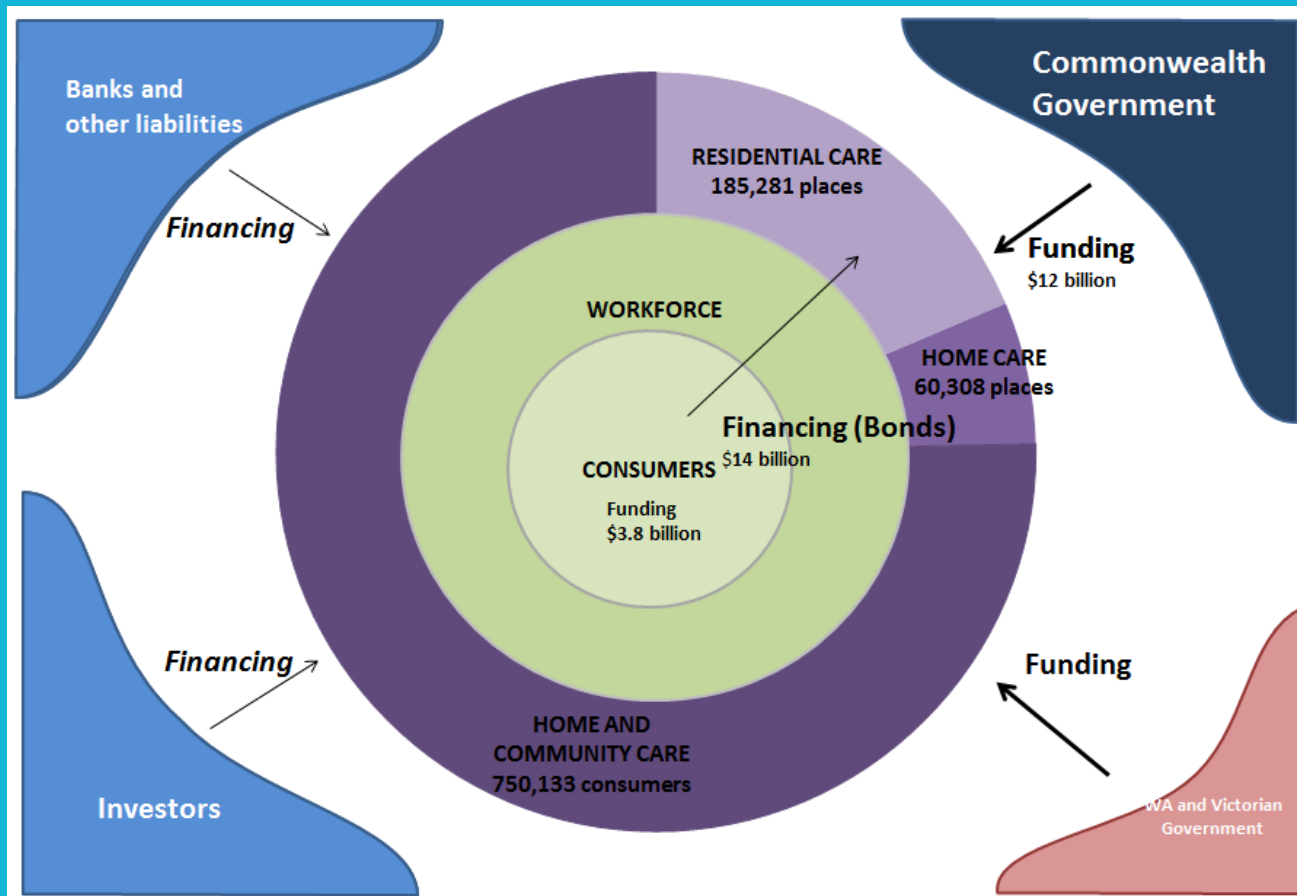
**Funding and Financing of the Aged Care Sector**



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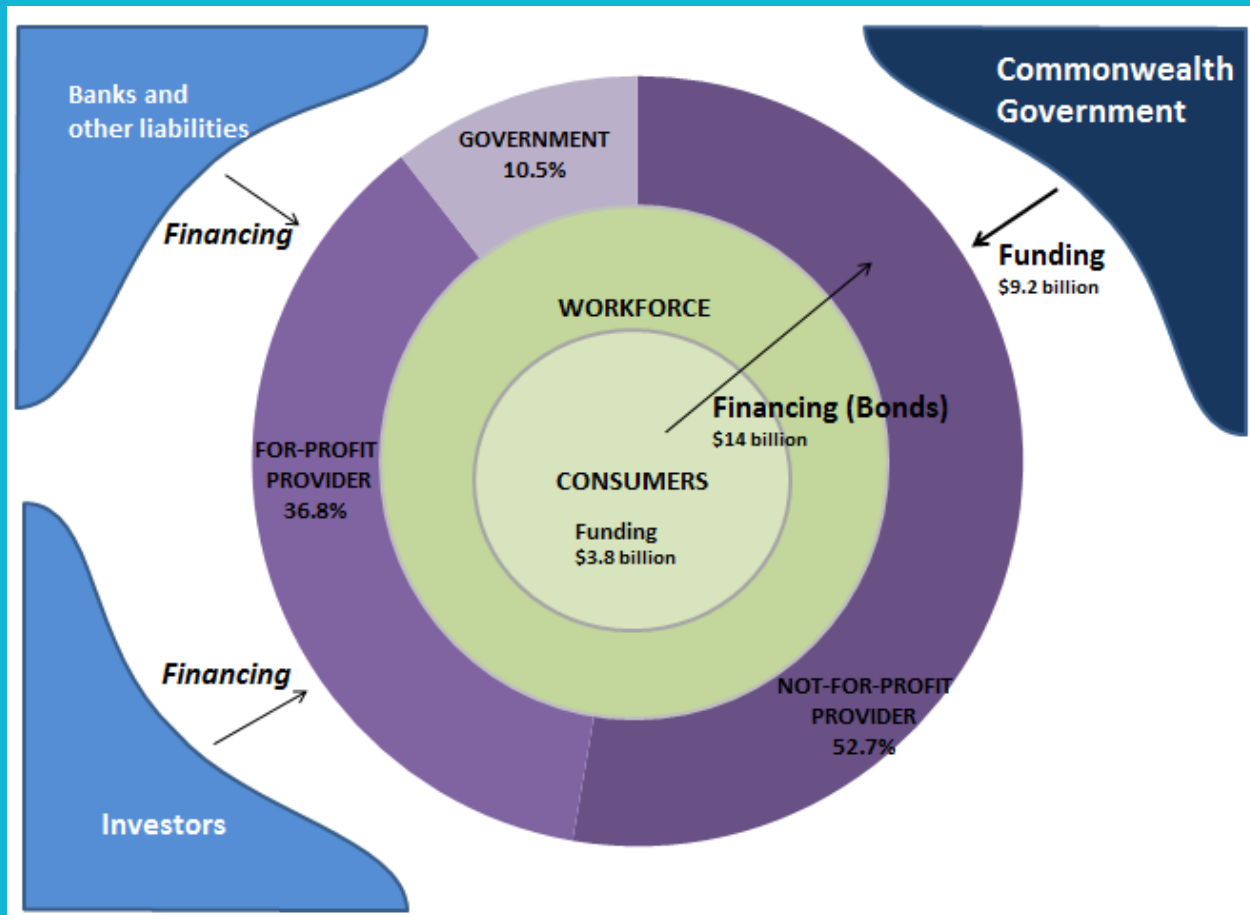
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# Australian Aged Care Industry





# Residential Care Sector





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# Consumers

	Residential Care Places	Home Care Places	HACC Consumers	Total
F11/12	182,663	59,201	750,133	991,997
F12/13	<b>185,201</b>	<b>60,308</b>	<b>756,148</b>	<b>1,001,657</b>
Change	2,538	1,107	6,015	9660



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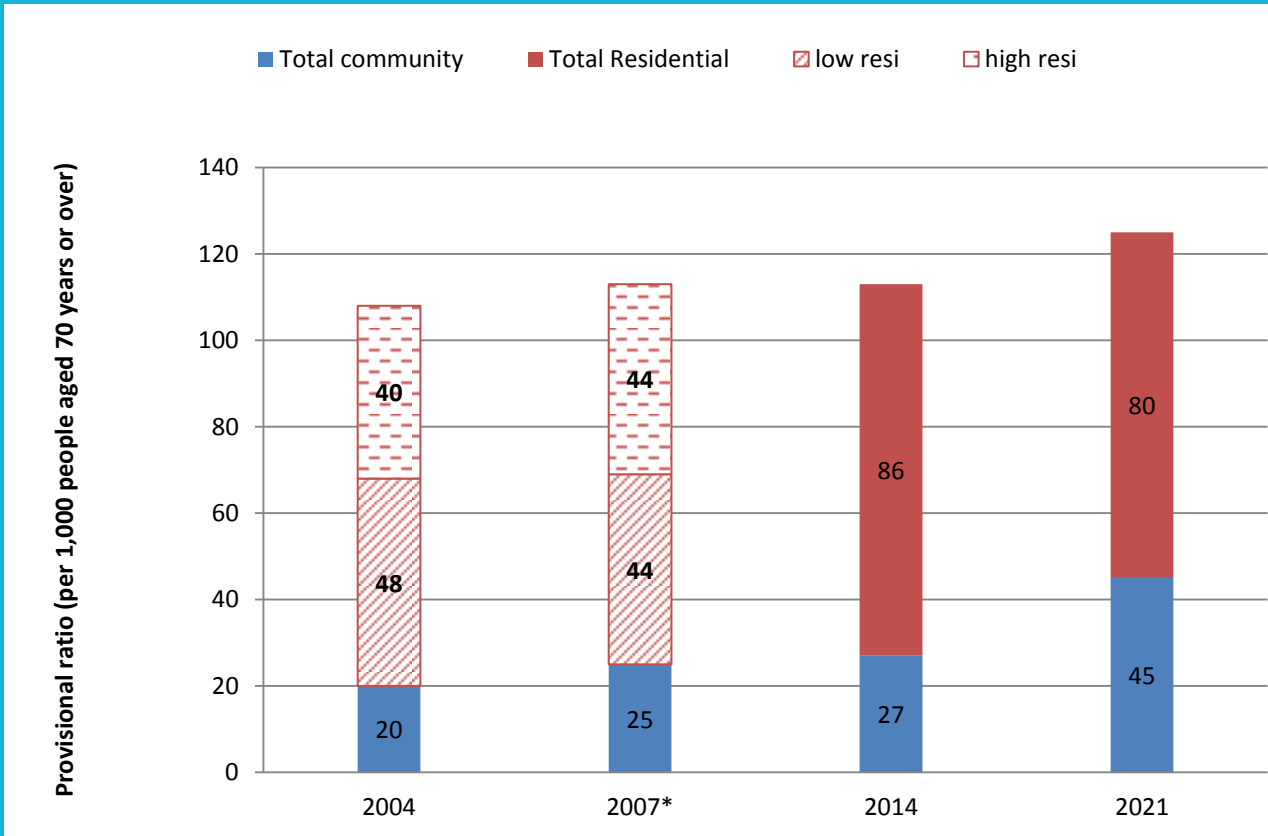
# Workforce in Aged Care

	Residential Care	HACC & Home Care	Total
Care Attendants (PCW, CCW)	100,312	76,046	176,358
Nurses	39,125	11,473	50,599
Allied Health	7,649	5,840	13,489
<b>Total Paid</b>	<b>147,085</b>	<b>93,359</b>	<b>240,445</b>
Volunteer	22,000	57,000	77,000



# Planning Ratios - Consumers

## Per 1000 population over 70



	2013	2022
<b>Total</b>	<b>113</b>	<b>125</b>
<b>Resi</b>	<b>86</b>	<b>80</b>
<b>Home</b>	<b>27</b>	<b>45</b>



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# Planning Workforce

	Total 2012	Required 2022
Care Attendants (PCW, CCW)	176,358	?
Nurses	50,599	?
Allied Health	13,489	?
<b>Total Paid</b>	<b>240,445</b>	<b>??</b>
Volunteers	77,000	???



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# Industry Overview - HACCC

	2011-12	2012-13	Home And Community Care <sup>1</sup>	
			Change	%
No of Providers	1,043	1,041	-2	0.2%
No of Consumers	750,133	756,148	6,015	0.8%
<b>TOTAL FUNDING</b>	<b>\$1,501m</b>	<b>\$1,623m</b>	<b>\$122m</b>	<b>8.1%</b>





# Industry Overview - Home Care

	2011-12	2012-13	Home Care	
			Change	
				%
No of Providers	498	504	6	1.2%
No of Services	2095	2131	36	1.7%
No of Packages	59,201	60,308	<b>1,107</b>	1.9%
<b>TOTAL FUNDING</b>	<b>\$1,138m</b>	<b>\$1,241m</b>	<b>\$102m</b>	<b>9.1%</b>
Commonwealth	\$1,058m	\$1,157m	\$98m	9.3%
Consumer	80m	\$84m	\$4m	5.1%



# Industry Overview - Residential

	2011-12	2012-13	Residential Aged Care	
			Change	
				%
<b>No of Providers</b>	1,054	1,034	-20	-1.9%
<b>No of Services</b>	2,716	2,720	4	0.1%
<b>No of Places</b>	182,663	185,281	2,618	1.4%
<b>TOTAL FUNDING</b>	<b>\$12,298m</b>	<b>\$12,949m</b>	<b>\$651m</b>	<b>5.3%</b>
<b>Commonwealth</b>	\$8,738m	\$9,192m	\$454m	5.2%
<b>Consumer</b>	\$3,560m	\$3,757m	\$197m	5.5%



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# Industry Overview - Total

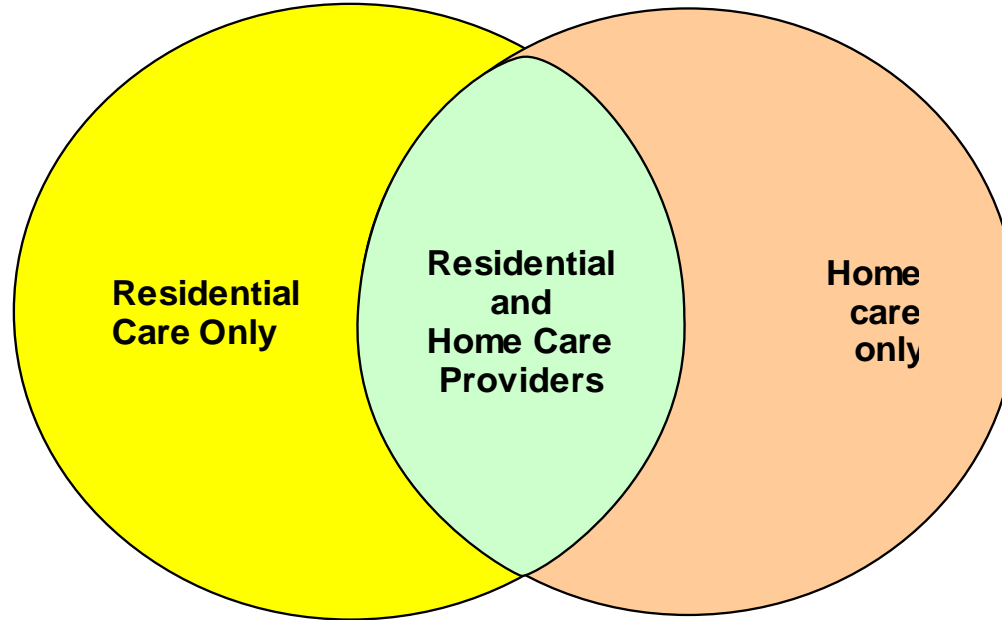
	2011-12	2012-13	Change
No of Providers	2,595	2,579	-16
No of Services	4,811	4,851	-40
No of Places/Consumers	991,997	1,001,737	<b>9,740</b>
<b>TOTAL FUNDING</b>	<b>\$14.9b</b>	<b>\$15.8b</b>	<b>\$900m</b>
Commonwealth	\$11.3b	\$12b	\$700m
Consumer	\$3.6b	\$3.8b	\$200m



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# Providers



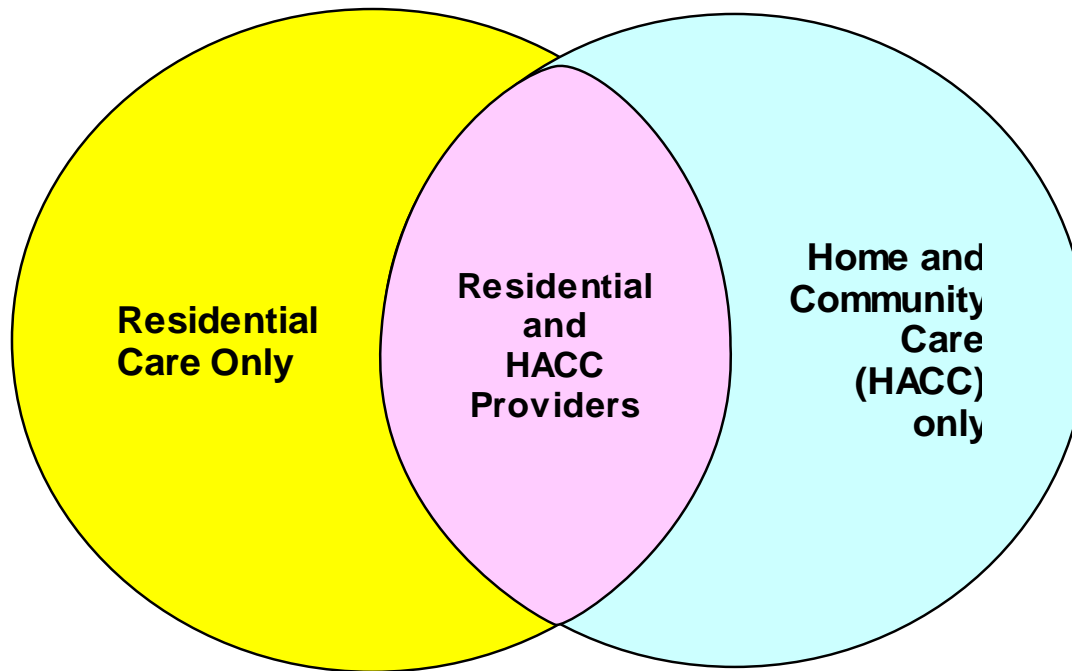
Number of	Residential Care	Residential and Home Care	Home Care
Providers	805	243	261
Homes	1,416	1,302	
Services		1,444	687
Places	98,686	87,592	
Packages		42,547	17,761



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# Providers



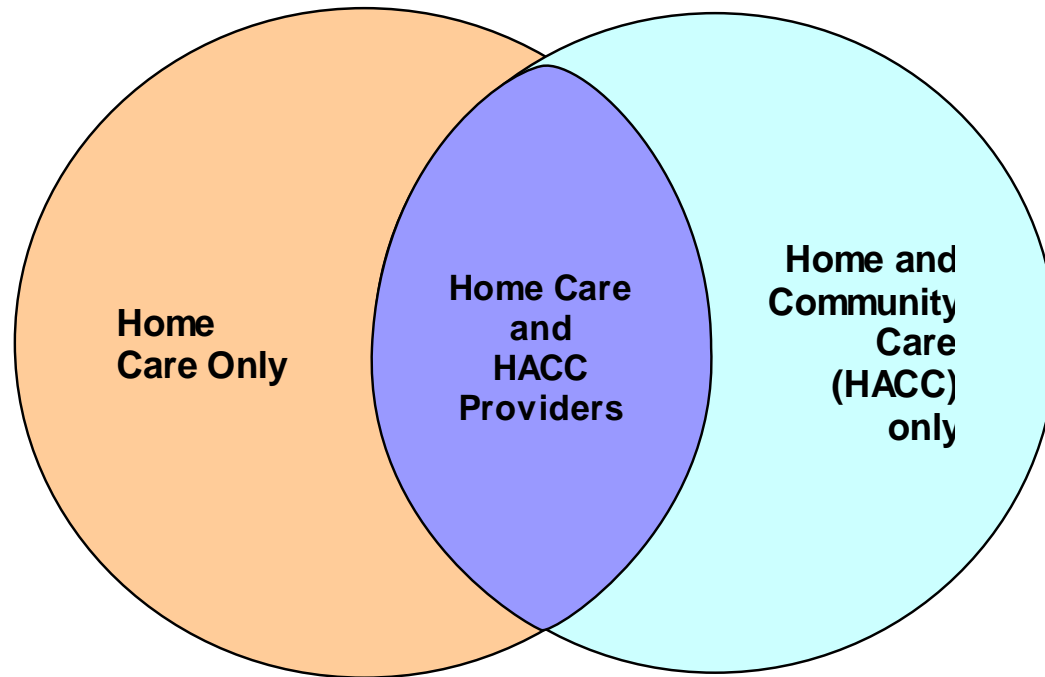
Number of	Residential Care	Residential and HACC	HACC only
Providers	960	89	952



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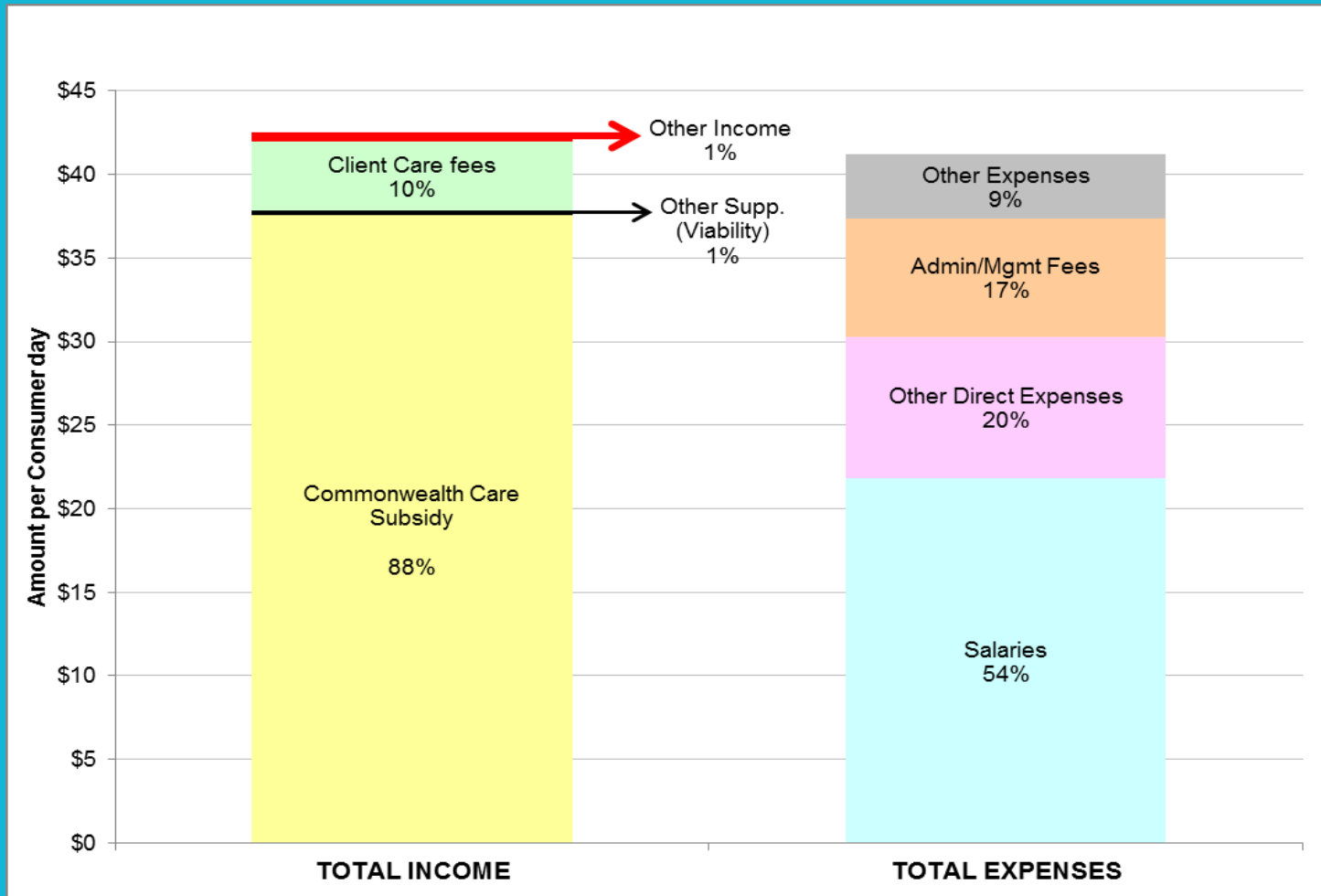
# Providers



Number of	Home Care	Home Care and HACC	HACC only
Providers	316	188	853



# Home Care





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## Residential Viability

	2011-12	2012-13	Change	
Revenue	\$13,073m	\$13,961m	\$888m	6.8%
Expenses	\$12,347m	\$13,367m	\$1,020m	8.3%
EBITDA	<b>\$1,544m</b>	<b>\$1,473m</b>	<b>-\$71m</b>	<b>-4.6%</b>
NPBT	\$726m	\$594m	-\$132m	-18.2%



# Residential Care Income – F13 cf F12

	2011-12 \$m	2012-13 \$m	Change	
			\$m	%
<b>Government Care Subsidies</b>				
- ACFI & RCS	\$7,062.5	\$7,483.1	<b>\$420.6</b>	6.0%
- Respite & Other	\$707.0	\$805.0	<b>\$98.0</b>	13.9%
<b>Client Care Contribution (Income Tested Care fee)</b>	\$315.5	\$326.0	\$10.5	3.3%
<b>Accommodation payments</b>	\$1,257.8	\$1,284.0	\$26.2	2.1%
<b>Living Expenses (Basic Daily Fee)</b>	\$2,504.1	\$2,692.5	<b>\$188.4</b>	7.5%
<b>Extra Services fees</b>	\$169.5	\$179.3	\$9.8	5.8%
<b>TOTAL OPERATING INCOME</b>	<b>\$12,016.4</b>	<b>\$12,949.4</b>	<b>\$753.5</b>	<b>6.3%</b>
<b>Other Income</b>	\$1,056.4	\$1,191.0	<b>\$134.6</b>	12.7%
<b>Total</b>	<b>\$13,072.8</b>	<b>\$13,960.9</b>	<b>\$888.1</b>	<b>6.8%</b>



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# Residential Care Operating Revenue

	Commonwealth Funding		Resident Funding		Total	
	\$M	% of Total	\$M	% of Total	\$M	% of Total
Government Care Subsidies	\$8,412.4	91.5%			\$8,412.4	65.0%
Client Care Contribution (Income Tested Care Fee)			\$329.5	8.8%	\$329.5	2.5%
Accommodation Payments	\$779.6	8.5%	\$515.0	13.7%	\$1,294.6	10.00%
Basic Daily Fee (Living Expenses)			\$2,733.1	72.7%	\$2,733.1	21.11%
Extra Services Fees <sup>3</sup>			\$179.8	4.8%	\$179.8	1.4%
<b>Total</b>	<b>\$9,192.0</b>	<b>100.0%</b>	<b>\$3,757.4</b>	<b>100.0%</b>	<b>\$12,949.4</b>	<b>100.0%</b>
<b>% funding source</b>	<b>71%</b>		<b>29%</b>			

# Residential Care Income per resident Viability

	2011-12	2012-13	Change	
			\$ prpd	%
Government Care Subsidies	\$127.83	\$133.50	<b>\$5.67</b>	4.4%
Client Care Contribution (Income Tested Care Fee)	\$5.19	\$5.25	\$0.06	1.2%
Accommodation payments	\$20.69	\$20.68	-\$0.01	0%
Living Expenses (Basic Daily Fee)	\$41.20	\$43.37	<b>\$2.17</b>	5.3%
Extra Services fees	\$2.79	\$2.89	\$0.10	3.6%
<b>Total Operating Income</b>	<b>\$197.70</b>	<b>\$205.69</b>	<b>\$7.99</b>	<b>4.0%</b>
Other Income	\$17.38	\$19.19	<b>\$1.81</b>	10.4%
<b>Total</b>	<b>\$215.08</b>	<b>\$224.88</b>	<b>\$9.80</b>	4.6%



# Residential Care Viability

	2011-12	2012-13	Change	
	%	%	\$m	%
Staff Expenses <sup>1</sup>	65.9	66.4	<b>\$734.4</b>	9%
Depreciation	5.5	5.5	\$51.3	7.7%
Interest paid	1.8	1.7	\$9.6	6.4%
Other expenses <sup>2</sup>	28.4	26.4	\$225.2	6.6%
<b>Total Expenses \$M</b>	<b>\$12,346.7</b>	<b>\$13,367.2</b>	<b>\$1,020.5</b>	8.3%

**\$8,873 million wages and management fees - an increase of \$734 million (9%).**

- **\$174m** attributable to an increase of 1.3m in the number of care days provided (*volume changes*);
- **\$548m** - wages and management fees increased by 6.7 per cent, or **\$9.02 per claim day** partly due to wage increases, increased man hours and upgraded mix of personnel
- \$

# Residential Care Financing

	2011-12 \$m	2012-13 \$m	Change \$m	Change %
Cash Assets	\$3,239	\$3,942	\$703	21.7%
Fixed Assets	\$8,046	\$9,372	\$1,326	16.5%
Other Assets	\$16,767	\$17,539	\$772	4.6%
<b>TOTAL ASSETS</b>	<b>\$28,052</b>	<b>\$30,853</b>	<b>\$2,801</b>	<b>10%</b>
Accommodation Bonds	\$12,966	\$14,295	\$1,329	10.3%
Other Liabilities	\$5,474	\$6,369	\$895	16%
<b>TOTAL LIABILITIES</b>	<b>\$18,440</b>	<b>\$20,664</b>	<b>\$2,224</b>	<b>12%</b>
<b>NET WORTH/EQUITY</b>	<b>\$9,613</b>	<b>\$10,189</b>	<b>\$576</b>	<b>6%</b>

# Residential Care Financing

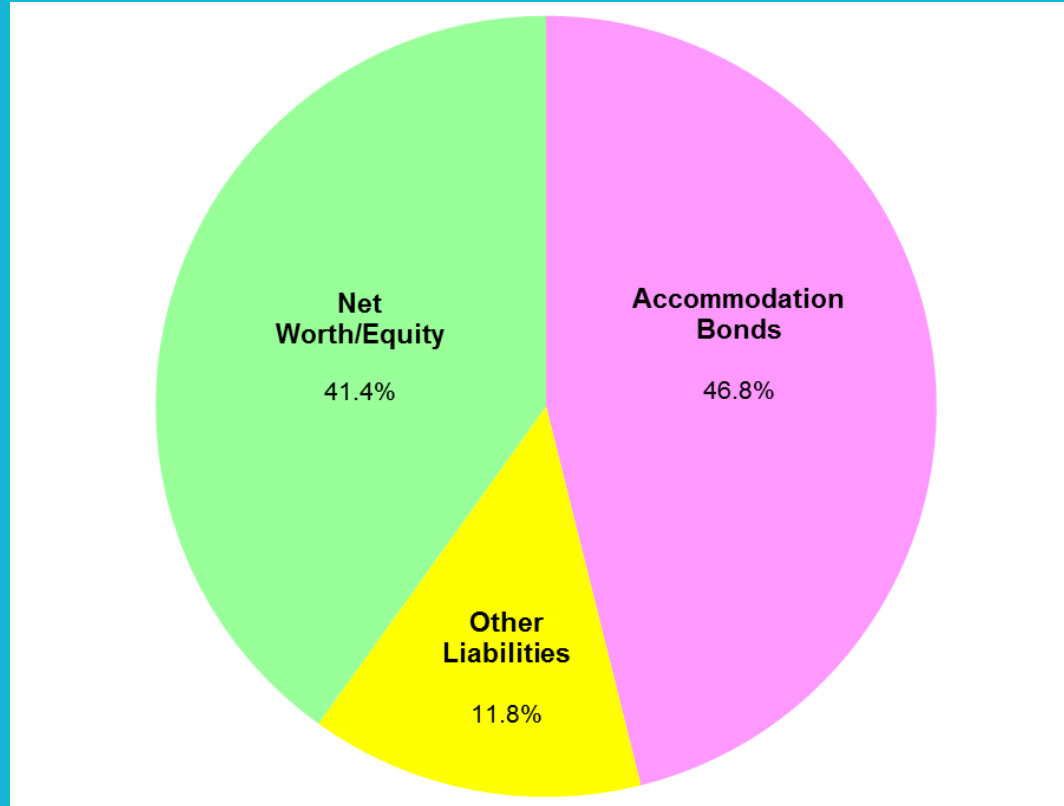
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# Residential Care Residential Financing Not-for-Profit

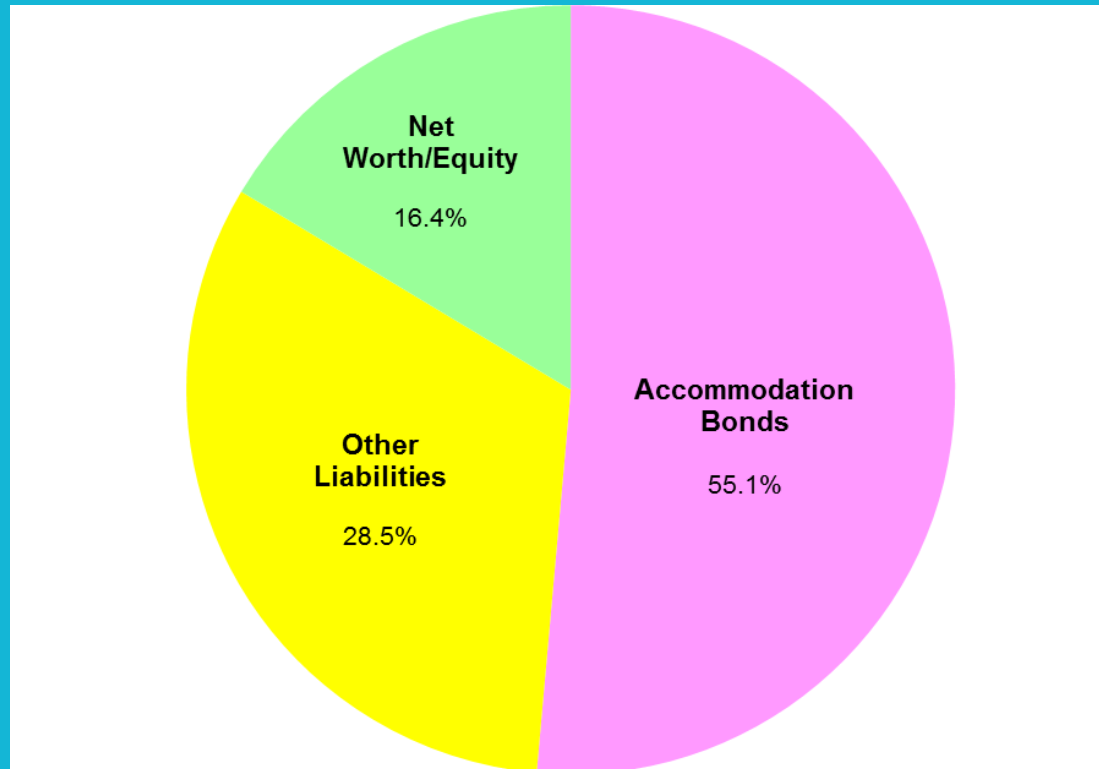




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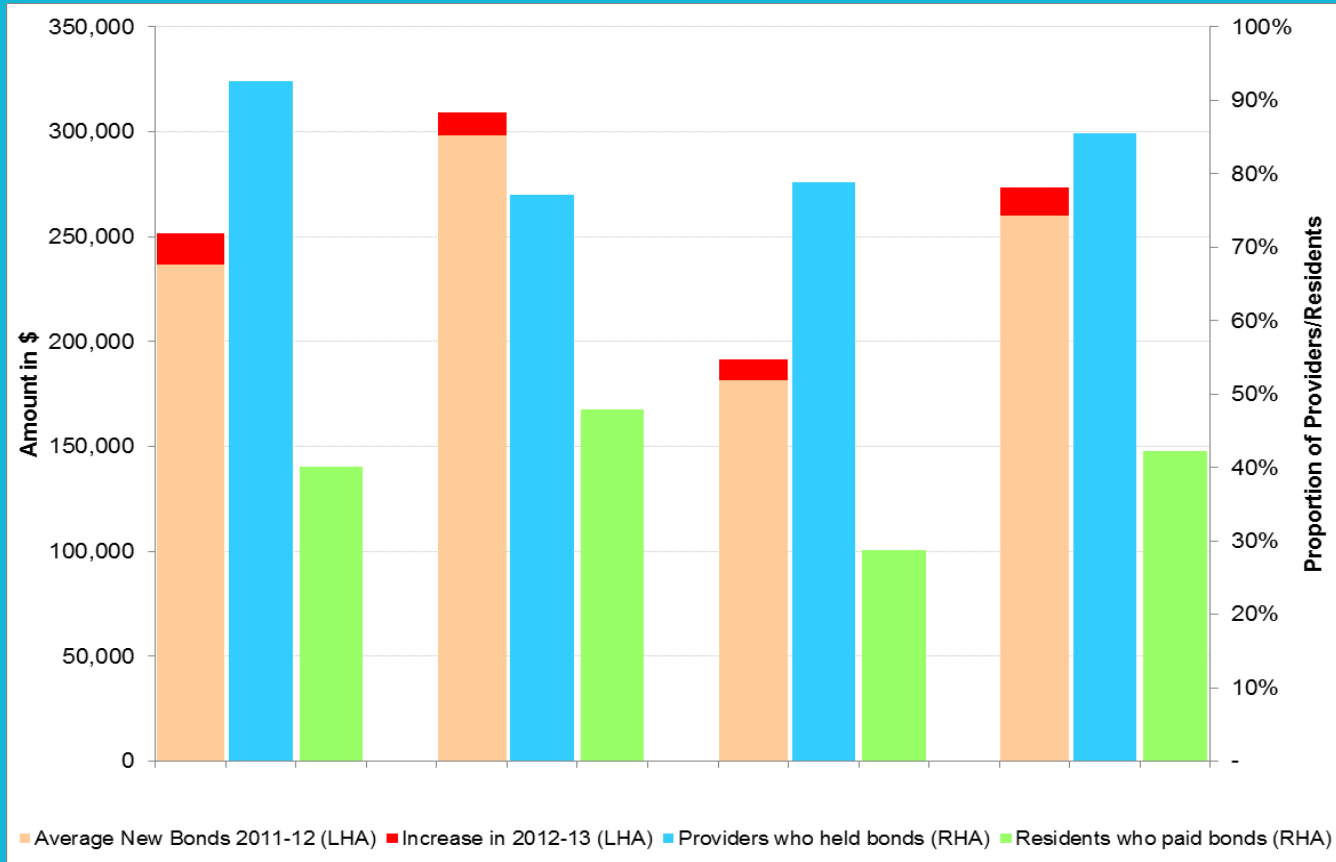
# Residential Care Financing – For-Profit Accommodation Bonds





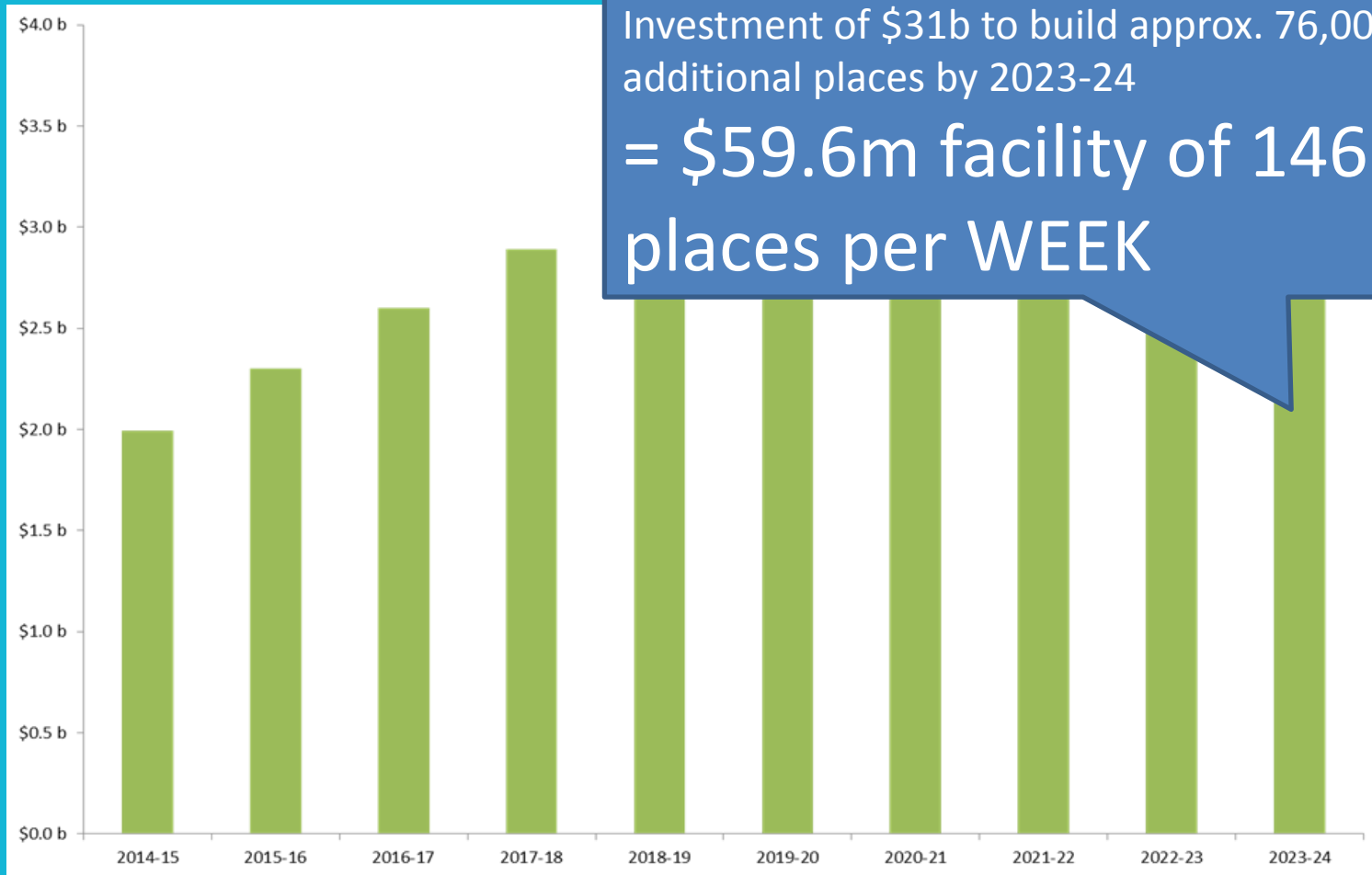


# Residential Care Financing – Accommodation Bonds



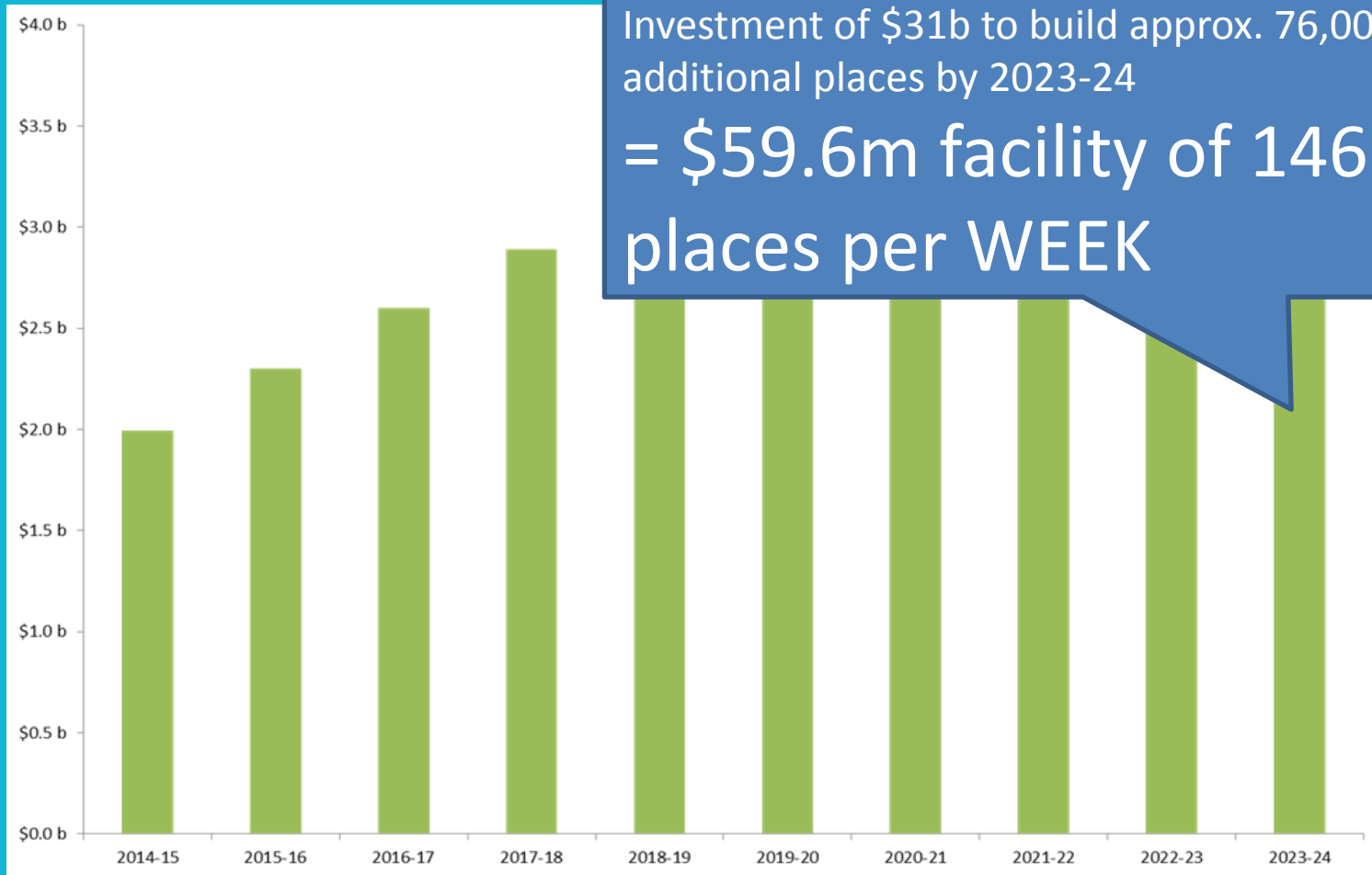


# Sustainability





# Sustainability



Investment of \$31b to build approx. 76,000 additional places by 2023-24  
= \$59.6m facility of 146 places per WEEK



# *Key Findings*

- ***Decline*** in financial results in 2012-13
- ***Increase*** in Operating Income of ***\$753m (5.8%)*** to \$13B
- ***Increase*** in Other Income of \$135m to \$1,191m
- ***Disproportionate increase*** in staff expenses of 9% to \$8.1B
- Balance Sheet financing - ***Bonds increased*** to 42.4% of Assets
- ACFA estimates \$31 billion of investment needed build 76,000 new places.



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# *ACFA's Program of Work*

- Monitoring of Reform impacts
- Improving Collection of Financial Information
- Factors Influencing the Financial Performance of Residential Aged Care
- Next year:
  - Supported resident ratio framework
  - Factors Influencing the Financial Performance of Home Care



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# *Future Challenges*

- Consumer “*Reform Readiness*” to accept rights and obligations of CDC
- Workforce – *availability, engagement and retention*
- Provider “*Reform Responsiveness*”
- Investor “*Reform Responsiveness and Readiness*”
- Supply planning – licences, developer and builder readiness, availability of Green Field sites



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***Future Opportunities***

*Through*

**Communication &  
Engagement**